

## ISSUES AND PERSPECTIVES

By Caroline Potter

DAP facilitates strategic and environmentally responsible farm growth

# The Dairy Acceleration Program Launched

The Dairy Acceleration Program, an initiative of Governor Cuomo in partnership with the NYS Department of Agriculture and Markets and the NYS Department of Environmental Conservation, is designed to facilitate strategic and environmentally responsible growth of NY dairy farms.

With the assistance of professionals in business planning and environmental planning, dairy farmers use the available funding to strategically plan for growth of their dairy. That growth can be increased milk production, added cows, or both. Additionally, with the funds for environmental planning, the environmental footprint of farm growth can be considered and planned for with an AEM Certified Planner.

The Dairy Acceleration Program provides up to \$5,000 for the development of a business plan, which may include design plans for new or remodeled facilities. For farms under 300 cows, funding includes \$6,000 to develop a new Comprehensive Nutrient Management Plan (CNMP) including the first year of service, \$4,500 for a CNMP update, or \$3,600 for an initial and combined evaluation of the financial and environmental needs of the farm.

Response to the program has been excellent. Several farm projects have been awarded funding and many more are under consideration. The awarded projects have several common characteristics:

■ **First**, the farm financial records are in order.

They are actively managed and used on the dairy to make business decisions. This attribute allows the farm owner to take full advantage of development of a business plan and analyze options for growth.

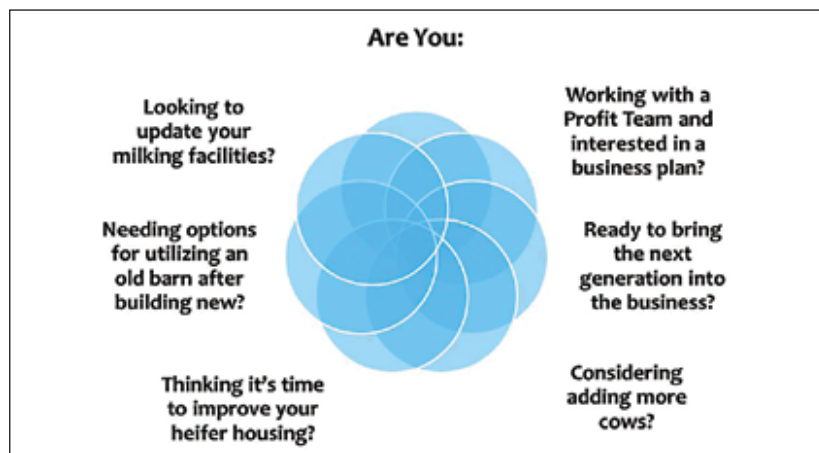
■ **Second**, the awarded farms have focused ideas for growth and what options they want to analyze to achieve that growth. One farm project will consider options for improving an existing complementary enterprise to their dairy, while another is expanding and considering a new barn, as well as robotics.

■ **Third**, the awarded projects seek to grow their farms with an eye toward the environmental impact of that growth. One awarded project has outdated facilities and is considering doubling their herd size and building a new barn. They began a new Comprehensive Nutrient Management Plan (CNMP) with their local Soil and Water Conservation District (SWCD) this year in anticipation of growth requiring environmental improvements on their dairy. This project was seeking and awarded business planning funding. Other projects also awarded business planning funding will work with an AEM Certified Planner to develop a new CNMP or update an existing one using DAP funds.

A number of the awarded projects have a younger generation to consider, whether it is because they are fresh out of college and want to dairy, or they are currently on the dairy and ready to take the next step in growth.

And, finally, a number of the projects have a team of advisors who work with them to assess the dairy, from management of financial records, to management of the cow, to analysis of opportunities for improvement. The result is a team that assists them to identify opportunities for improvements on the dairy and growth of production.

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## FYI

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## ISSUES AND PERSPECTIVES

By Julie Berry

The NYS Governor's office announced the Dairy Acceleration Program designed to enhance profitability of New York dairy farms and to maintain a commitment to environmentally responsible growth

# Environmental and Business Plans Together

Farmers who participate in the Dairy Acceleration Program (DAP) can observe synergies from completing business and environmental plans together. Agricultural Environmental Management certified planner Brad Schwab and Farm Credit East's John Lehr recently collaborated to combine their business and environmental planning strategies and share some of their insights.

## What is your experience with combining business and environmental planning?

**Lehr:** My previous experience combining a farm visit with myself and an environmental planner is very limited. It is rare that both professionals are at the same table at the same time. DAP provides this opportunity to combine skill sets and brainstorm together, which is a unique opportunity and a great value to the dairy producer.

**Schwab:** The cost of farm improvements that are recommended to protect the environment has always been a primary consideration in my environmental planning work. However, my experience combining farm specific environmental and financial planning has been limited and informal. Working with John on a recent project was my first opportunity to consider a farm's financial position and how it relates to the required environmental improvements.

## How often do farms complete these plans together or separately?

**Lehr:** Prior to the opportunity afforded by this program, it was rare that a business plan and an environmental plan were done in conjunction. They were almost always done separately.

**Schwab:** All farms participate in financial and environmental planning at some level. I agree with John that these types of plans are often developed with the help of professionals, but are rarely done together. In many cases the plans are developed by professionals and evaluated separately by farm operators. Decisions are then made without the combined help of the professionals.

## What are some of the benefits and disadvantages you have observed on farms when doing

## them together?

**Lehr:** I see no disadvantages to combining these projects. The best advantage is the combined dialogue where pros/cons from different perspectives can be flushed out to help the dairy producer make the very best decisions for their farm. By combining the projects, even the professionals gain insight to each other's processes and mindset.

**Schwab:** Privacy is always a concern when it comes to a farm's environmental or financial position, so the required transparency could be seen as a disadvantage. Hiring professionals who you trust should relieve this concern. The upside is that the plans will be better when developed together than if they are developed separately. For example, a schedule for installing environmental practices can be more or less ambitious based on a farm's financial situation.

## How does this experience compare to doing them separately?

**Lehr:** Doing the projects separately loses the ability to combine expertise. Often when done separately, time has the tendency to change perspectives, have things get lost in interpretation, and the ability to brainstorm is limited to two perspectives: the planner and the producer's. This option provides a larger roundtable, of sorts.

**Schwab:** Combining these processes allows for better use of the professionals as a resource to the farm. If you have intimate knowledge of a farm's environmental condition, but you are completely in the dark about their financial position, you are really only seeing half of the story. The reality is that they go hand in hand. No matter how great the environmental plan, it cannot be implemented unless the money is available.

## FYI

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## THE MANAGER

### What would you do differently based on your experience?

**Lehr:** Based upon DAP's goal, I will be an active participant in more joint effort meetings for the benefit of the farm. Ongoing communication with all parties will be the key to success.

**Schwab:** I would not do anything differently, but ineffective communication could have very easily derailed the progress of the project. I recommend that everyone involved should agree to make a deliberate effort to communicate concisely and regularly.

### What do you suggest for farmers who are considering combining business and environmental planning?

**Lehr:** I suggest three things: 1) Producers choose team members who they trust and that know how to help get the producer's vision to the finish line; 2) Producers should remain open-minded and not be afraid to think outside of their comfort zone; 3) Producers should look long-term with this project, not just at the next few years. This grant program provides a rare opportunity for producers to do some real long-range business planning at a very low out-of-pocket cost.

**Schwab:** Sharing these aspects of your business with others is enough to make anyone nervous. I encourage farm operators to give it a chance. Once you have decided to participate, utilize the planning process to the fullest. Have an idea of what you would like your business to look like in the future. Will you continue with your

current parlor or build a new one in a different location? Will you spread manure daily or build a storage? Will you take care of the heifers or board them out to another farm? Every farm is different, so have a general idea of what you want, and utilize the professionals to help you get there.

### What do you suggest to other business or certified AEM planners?

**Lehr:** I suggest other planners use DAP as an opportunity to work with other professionals in a way that maybe they have not done previously. As we work through DAP, each farm will have different needs and we need to make sure the cookie cutter approach is not used. Each farm has different facts and circumstances that need to be addressed on their own individualized plan.

**Schwab:** The farm operators that we worked with were already familiar with the concepts of the AEM program and CAFO requirements. There was no learning curve hurdle to overcome. I expect that these concepts will be brand new for some farmers who participate in the Dairy Acceleration Program. I caution AEM Planners to take it slow at first. We have had over a decade to learn these concepts, but they can be daunting and overwhelming to someone who has not had that experience. □

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At the writing of this article, funds were still available for farm projects. If you have been considering growth of the dairy, this program provides an excellent opportunity to assess various scenarios for growth with the assistance of industry professionals. A Cornell Cooperative Extension dairy specialist or other dairy professional will serve as project facilitator and work with you and your planners to coordinate the project at the farm level. To apply for the program, go to [http://ansci.cornell.edu/prodairy/dairy\\_acceleration/](http://ansci.cornell.edu/prodairy/dairy_acceleration/)

#### Frequently Asked Questions about DAP:

**What if the project costs exceeds the established limits?** Any costs exceeding established limits are the responsibility of the applicant. Expectations for services and associated costs should be established up front when meeting with your consultants.

**The eligibility requirements include a "good accounting system," what does this mean?** Business planning funds are intended to be used for development of a business plan, not to organize financial records. For example, if you do not have a current market value balance sheets and income statements, or one cannot be prepared relatively quickly from existing financial records, you should organize the records appropriately before applying for DAP funds.

**May DAP funding be accessed for facility designs?** Yes, this is considered an eligible project under business planning. The funds can be used to pay for schematic drawings and farmstead planning of a new facility. For example, capital investments associated with increased milk production such as a renovated barn or new barn, but not manure handling systems or bunks, are eligible. The funds used

for facility planning count toward the \$5k limit.

**Is a project eligible for business planning funds and environmental planning funds?** Yes. In fact it is desirable to combine business planning for growth with the cost of environmental improvements related to the dairy's growth. As an example, a farm under 300 cows could use DAP funds to develop a business plan and to develop a new CNMP. Total available funds in this example are \$11k (\$5k for business planning and \$6k for a new CNMP).

**Are there eligibility requirements related to herd size?** For a project that is business planning only, the preference is for farms under 300 cows, milking and dry. A farm with more than 300 cows may apply and be awarded funding depending on the potential impact of the project and the other eligible projects under consideration. All projects that request an AEM Certified Planner must be under 300 cows.

**Is approval required for consultants and planners who provide services on the project?** The choice of the consultants and planners is up to the farm. However, all must go through the process of becoming a vendor before they participate in a project and access DAP funds for compensation of that service.

**Who reviews my application?** A team of agricultural industry professionals reviews your application for completeness and eligibility. A project facilitator will notify you if funds are awarded.

**Is there a deadline for submitting applications?** No. Applications will be accepted on a rolling basis and the program will end once the funds have been depleted. □